



11 April 2017

Christine McDonald
Secretary
ENVIRONMENT AND COMMUNICATIONS LEGISLATION COMMITTEE
Submitted online

Dear Ms McDonald

Inquiry into the Carbon Credit (Carbon Farming Initiative) Amendment Bill 2017

Thank you for your email of 4 April 2017 inviting Climate Friendly to make a submission on the Carbon Credit (Carbon Farming Initiative) Amendment Bill 2017 which was referred to to the Environment and Communications Legislation Committee.

Founded in 2003, Climate Friendly Pty Ltd is one of Australia's largest, most experienced carbon farming project developers. We have a proven track record, having established partnerships with more than 80 landholders across Australia, and we have successfully developed Emissions Reduction Fund projects with a combined value of over half a billion dollars under our portfolio management. Climate Friendly's *Carbon Farming Team* has more than 20 expert staff, with significant experience in agriculture, forestry, large scale land management, training, Aboriginal consultation, and working with government.

Additionally, Climate Friendly is a shareholder in Natural Carbon, which is a joint venture with EcoFutures, McCullough Robertson, Object Consulting and South Pole Carbon. Phillip Toyne - *Indigenous advocate, co-founder of the national Landcare program and founding Director of EcoFutures* - was instrumental in the formation of this joint venture. It was established in 2014 with a focus on developing savanna burning projects with Aboriginal communities in northern Australia. Since 2014, Natural Carbon has established itself as a leading organisation supporting savanna burning and Aboriginal carbon farming. This includes supporting the establishment of 10 savanna burning projects, including with the Pormpuraaw Aboriginal Shire Council, Olkola Aboriginal Corporation and Batavia Aboriginal Corporation.

Within the legislative package that is under consideration, the amendments to facilitate transfer between project types are critically important. Transitioning to the sequestration method will allow these projects to be credited for both the emissions-avoidance and sequestration of carbon. Many existing savanna emissions-avoidance projects will want to transition to the sequestration project owing to the additional, more predictable environmental and economic benefits. Sequestration projects have a 25 or 100 year permanence obligation, creating long-term landscape and environmental change, and generating economic, social and cultural development on

a more sustained, predictable basis across Northern Australia. Because of the higher benefits, the new method will therefore open up new areas of land that are currently commercially unviable under the emissions-avoidance method, leading to new carbon abatement and sequestration that can contribute to Australia's 2020 emissions reduction targets and beyond. The method will also provide increased revenue to communities, including Aboriginal communities, which implement improved fire management programs to underpin the savanna emissions-avoidance and sequestration project activities.

Climate Friendly considers compliance with complementary State and Federal legislative requirements, including relating to the protection of Native Title rights, as critical to the scheme integrity of the Emissions Reduction Fund. As sequestration projects have permanence obligations, when transitioning projects from the avoidance to sequestration method, appropriate project consents are imperative, including consents from Native Title rights holders. Under the sequestration method all land that is subject to a Native Title determination will require consent from the Aboriginal Prescribed Body Corporate. This provides an important mechanism for protecting Native Title rights in savanna project areas.

Over time Climate Friendly and Natural Carbon expect the vast majority of existing emissions-avoidance projects to transition to the savanna sequestration method, given the more sustained and predictable environmental and economic benefits. We will be encouraging our clients within our existing project portfolio to do this, subject to the appropriate governance structures and consents being in place, as well as a well-informed understanding of permanence and ongoing obligations.

Given the prevalence of Native Title rights and other forms of Aboriginal land ownership in the regions eligible for undertaking savanna carbon projects, widespread consultations and consent agreements with numerous different Aboriginal groups will be required to scale-up implementation of the new method and realise the environmental and economic potential. We suggest that development of supplementary industry guidance and a best practice approach to consultation and consent with Traditional Owners could be a useful mechanism to facilitate uniform practices and demonstrate scheme integrity. To this end, Climate Friendly encourages the Government to **establish a roundtable** to develop and enhance dialogue with Aboriginal Corporations, Land Councils, other Traditional Owner groups, pastoralists, and the industry on development of such guidance, including for savanna carbon projects. A similar roundtable, established by the Department of Environment and Energy, to discuss matters raised by Natural Resource Management organisations has proven successful in getting a wide range of parties to work together. The inclusion of State Governments would be important to the success of any such dialogue.

Climate Friendly facilitated the first three Native Title Agreements with Traditional Owners (Budjiti, Kullilli and Gunggari Aboriginal Corporations) on carbon sequestration projects. These agreements were reached between pastoralists, Traditional Owners and Climate Friendly, and provide a partnership and revenue sharing model between all parties. They deliver mutual environmental, social, cultural and economic benefits. We would welcome the opportunity to participate in a

roundtable and share lessons from these Agreements to inform the development of supplementary industry guidance or standards.

In addition to supporting the transition of savanna projects to the new sequestration method, the proposed amendments also facilitate the removal of parts of projects. This change is of critical importance to the scheme. At present, the Act imposes an unnecessary administrative burden on participants to gain consent to remove an area of their project. The need to remove an area can arise for any number of reasons as part of the ordinary management of land. Given that the removal of part of a project also removes any permanence or ongoing obligations relating to the removed area, there should be no need to obtain consent. The proposed change provides increased flexibility to adjust projects over time while maintaining scheme integrity, as any credits issued relating to the removed area are relinquished. Climate Friendly is fully supportive of this amendment, which removes unnecessary administrative burdens on project participants.

Climate Friendly welcomes the amendments to the CFI Act to facilitate removal of project areas and the implementation of the new savanna sequestration method. We look forward to further detailed discussions on supplementary guidelines on conducting best practices consultations with traditional owners and establishing partnerships between Traditional Owners and other savanna project participants to deliver shared and ongoing economic and environmental benefits.

Yours sincerely,

Freddy Sharpe
Chief Executive Officer